

You Should Know...

If you work and earn a low to moderate income, the earned income tax credit (EITC) can reduce the amount of tax you owe or may even get you a refund.



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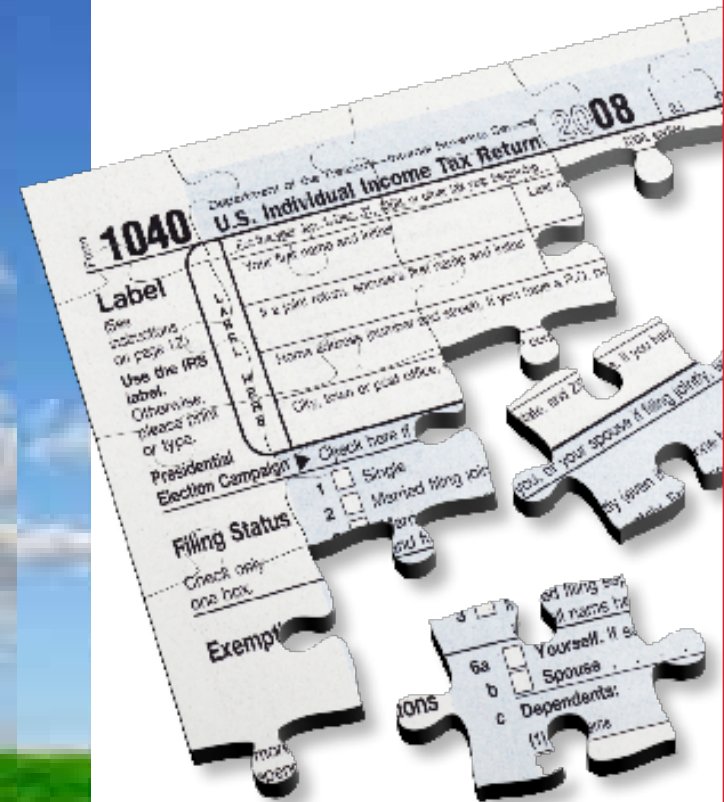
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EARNED INCOME TAX CREDIT (EITC)



Are You Eligible?



EARNED INCOME TAX CREDIT (EITC) . . . Are You Eligible?

The federal earned income tax credit is a good example of public policy designed to benefit citizens. Making Californians aware of this tax credit and helping them to take advantage of it helps keep our economy strong.

The federal government established the earned income tax credit for people who work but have income below a certain level. The EITC reduces the amount of tax you owe and can mean more money in your pocket.

Last year, nearly 3 million Californians received a tax credit through the EITC program. To find out if you qualify, visit the IRS website at www.eitc.irs.gov and download a copy of IRS Publication 596. You can also inquire by phone at (800) 829-3676.

Tax Credits

- \$464 with no qualifying children
- \$3,094 with one qualifying child
- \$5,112 with two qualifying children
- \$5,751 with three or more qualifying children

Qualifying Income Levels

(These figures are adjusted over time.)

Your earned income and modified adjusted gross income must be less than:

- \$18,740 with no qualifying children
 - \$41,132 with one qualifying child
 - \$46,044 with two qualifying children
 - \$49,078 with three or more qualifying children
- These figures are for married filing jointly; single filers have lower income levels.

Rules that Apply to Everyone

- you must have a valid Social Security number
- you cannot be “married filing separately”
- you generally must be a US citizen or resident alien
- you cannot file Form 2555 or Form 2555-EZ
- your investment income must be \$3,150 or less
- you must have earned income

Rules if You Have a Qualifying Child

Child Must Be:

- your son, daughter, adopted child, grandchild, step or foster child
- younger than you or your spouse if filing a joint return and under 19 OR under 24 and a full-time student OR permanently and totally disabled
- living with you in the US for more than half of the year
- NOT the qualifying child of another person

Rules if You Don't Have a Qualifying Child

- you must be between 25 and 65 years old
- you cannot be the dependent of another person
- you cannot be a qualifying child of another person
- you must have lived in the US more than half of the year

Remember - Any refund you receive because of the EITC is NOT considered income when determining eligibility for or how much you may receive from the following benefit programs:

- Temporary Assistance for Needy Families (TANF)
- Medicaid and Supplemental Security Income (SSI)
- food stamps
- low-income housing

Resources

Internal Revenue Service (IRS) website
www.eitc.irs.gov

TeleTax Information Line
(800) 829-4477

Free copies of IRS Publications
(800) 829-3676

Free tax assistance

The IRS offers free tax assistance through trained volunteers. Call (800) 829-1040, (800) 829-4059 (TDD) or call your local IRS office about the following programs:

- Volunteer Income Tax Assistance (VITA)
- Tax Counseling for the Elderly (TCE)
- Student Tax Clinic Program (STCP)

Taxpayer Advocate Help Line

Call this number if you need help with unresolved problems with the IRS.
(877) 777-4778

